

**PROPERTY ASSESSMENT APPEAL BOARD**  
**FINDINGS OF FACT, CONCLUSIONS OF LAW, AND ORDER**

PAAB Docket No. 2019-101-10033A

Parcel No. 14314-76006-00000

**David Beer,**

Appellant,

vs.

**City of Cedar Rapids Board of Review,**

Appellee.

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**Introduction**

This appeal came on for hearing before the Property Assessment Appeal Board (PAAB) on October 17, 2019. David Beer was self-represented. Chief Deputy City Assessor Jeff Augustine represented the City of Cedar Rapids Board of Review.

David and Karen Beer own an agriculturally classified property located at 2120 29th Avenue SW, Cedar Rapids. The property's January 1, 2019 assessment was set at \$496,900, allocated as \$19,000 in land value, \$476,400 in dwelling value, and \$1,500 in agricultural improvements. (Ex. A).

Beer petitioned the Board of Review contending the assessment was not equitable compared to the assessments of other like property. Iowa Code § 441.37(1)(a)(1) (2019). The Board of Review denied the petition.

Beer reasserted his claim to PAAB.

**General Principles of Assessment Law**

PAAB has jurisdiction of this matter under Iowa Code sections 421.1A and 441.37A. PAAB is an agency and the provisions of the Administrative Procedure Act apply. § 17A.2(1). This appeal is a contested case. § 441.37A(1)(b). PAAB may

consider any grounds under Iowa Code section 441.37(1)(a) properly raised by the appellant following the provisions of section 441.37A(1)(b) and Iowa Admin. Code Rule 701-126.2(2-4). New or additional evidence may be introduced. *Id.* PAAB considers the record as a whole and all of the evidence regardless of who introduced it.

§441.37A(3)(a); see also *Hy-Vee, Inc. v. Employment Appeal Bd.*, 710 N.W.2d 1, 3 (Iowa 2005). There is no presumption that the assessed value is correct, but the taxpayer has the burden of proof. §§ 441.21(3); 441.37A(3)(a). The burden may be shifted; but even if it is not, the taxpayer may still prevail based on a preponderance of the evidence. *Id.*; *Compiano v. Bd. of Review of Polk Cnty.*, 771 N.W.2d 392, 396 (Iowa 2009) (citation omitted).

## **Findings of Fact**

The subject property is a one-story home with an unfinished attic built in 2015. It has 2701<sup>1</sup> square feet of gross living area (GLA);<sup>2</sup> an unfinished, walk-out basement; an open porch; a three-season porch; a deck; and a three-car attached garage. It is listed in normal condition with high-quality construction (2+10 grade). The site is 10.44 acres and is classified agricultural. (Ex. A).

David Beer testified he built the house in 2016-17 for approximately \$250,000. He acknowledged this price included a fair amount of “sweat equity.” Beer testified the property is located in a high crime area and has twice in the last two years been burglarized. (Ex. 4). We note, however, that Beer’s Exhibit 4 indicates the subject property is actually located in a low crime area, but is bordered to the north and the east with high crime areas. (Ex. 4). He described his street as a one-lane, coated gravel road with no sidewalks or street lights, and neighboring properties that are abandoned or otherwise neglected. (Exs. 1 & 7). He asserts these issues are not being considered in the valuation of the subject property.

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<sup>1</sup> The Board of Review noted an error in the property listing requiring a correction for 618 square feet of living quarters over the garage, resulting in total living area of 3319 square feet. This correction will be made for the 2020 assessment year. (Ex. D & G).

<sup>2</sup> Gross living area includes above-grade finished area. APPRAISAL INSTITUTE, THE DICTIONARY OF REAL ESTATE APPRAISAL 132 (4<sup>th</sup> ed. 2002).

To support his claim, Beer listed five properties on his Board of Review petition, which are summarized in the following table. (Ex. C & E).

Comparable – Address	Year Built	Grade	GLA	Basement Finish	Dwelling Value	Total Assessed Value (AV)	Dwelling AV/GLA
Subject	2015	2+10	2701	0	\$476,400 <sup>3</sup>	\$496,400	\$176.38
1 – 6221 Ushers Rdg Dr NE	2015	2-05	2121	1529	\$369,200	\$428,900	\$174.07
2 – 5400 Michael Dr NE	1992	3+00	1375	770	\$236,500	\$286,800	\$172.00
3 – 6601 Cottage Rdg Ct NE	2007	3+10	1704	1298	\$289,900	\$353,500	\$170.13
4 – 6909 Cottage Rdg Ct NE	2011	2-05	1946	1209	\$342,000	\$401,300	\$175.75
5 – 5502 Shiloh Ln NE	2004	3+10	2255	1024	\$302,000	\$352,100	\$133.92

The subject property is the newest of these, has the highest grade, and has significantly more GLA than any of the comparables. All of the comparables are one acre or less in site size and are residentially classed. (Exs. 5 & 9-12). Therefore, their total assessments are not comparable due to the differing valuation methodologies for valuing the land. Nevertheless, examining just the dwelling value per square foot indicates Beer's property is in line with the majority of his selected comparables.

Beer's testimony focused on Comparable 1, 6221 Ushers Ridge Drive NE, which is the only recent sale. It sold on December 21, 2018, for \$415,000, indicating an assessment-to-sale-price ratio of 1.03 and a sales price per square foot of \$195.66 (including land value). (Ex. 5). Beer considers this property to be a "perfect match" to his property but believes it is located on a better side of town with very low crime rates. (Ex 8). Beer asserts this property is superior to his with a finished lower level, more bedrooms and baths, and a larger deck. (Ex. 2). The Board of Review notes that this property has 580 square feet less GLA than the subject, has a lower quality grade, and is two years older than the subject. (Ex. E).

The Board of Review was critical of Beer's properties because they are all located in a different quadrant of the city than the subject (NE vs SW). Only Comparables 2 and 4 had similar quality ratings as the subject, but they contain 1198 and 1373 less GLA. (Ex. I). It noted that,

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<sup>3</sup> The subject property has an additional \$1500 improvement value attributed to the agricultural barn on the property.

The subject property is a unique 10.44 Ag parcel located within the city limits of Cedar Rapids. There are no other equity comparables of Ag class similar to the subject within city limits, therefore, residential classed properties were used for comparison. Due to the difference in land pricing between Ag and Residential, the dollar per square foot for the dwelling values are used only to remove inequities the land pricing creates between the two property classes.

(Ex. G).

Beer's 10.44 acre has a land value of \$19,000 because of its agricultural classification. It does not appear that Beer is challenging the value of his land. Agricultural land is valued based on productivity and net earning capacity versus market value. However, dwellings, even those on agricultural parcels, are valued using market value.

The Board of Review offered four comparables, all classified residential, which are summarized on the following table. (Ex. F and G).

Comparable – Address	Grade	GLA	Dwelling Value	Total Assessed Value (AV)	Dwelling AV/GLA
Subject	2+10	2701	\$476,400	\$496,900	\$176.38
A – 6414 Michael Dr NE	1-10	2410	\$499,100	\$568,200	\$207.10
B – 5504 River Pkwy NE	2+10	2667	\$526,400	\$631,700	\$197.38
C – 5522 River Pkwy NE	2+10	2674	\$510,200	\$608,700	\$190.80
D – 3507 Meadow View Ct NE	2+05	2490	\$522,400	\$589,000	\$209.80

The Board of Review contends these comparables demonstrate equity because the subject has a similar, and even the lowest assessed value per square foot of dwelling area; it contends this is true even when removing basement finish value from the dwelling value – the subject property is within the range of the comparables' value per square foot.<sup>4</sup> The comparables are similar in size, age, design, and quality to the subject, but for the site differences. None of the comparable sites exceed one acre, but because they are classed residential, the assessed land values range from \$66,600 to \$105,300. There is no information in the record indicating any of these properties have recently sold.

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<sup>4</sup> This value is not depicted in the table, but does appear in Board of Review Exhibits F.

Jeff Augustine testified he had been in the subject property only once on May 23, 2017. At that time the construction was 90% completed. Another inspection has since been requested, but was denied by Beer. Augustine stated he is concerned with the accuracy of the Assessor's information for listing the subject property and believes an inspection is warranted.

### **Analysis & Conclusions of Law**

Beer asserts the subject property is inequitably assessed. § 441.37(1)(a)(1).

To prove inequity, a taxpayer may show an assessor did not apply an assessing method uniformly to similarly situated or comparable properties. *Eagle Food Centers v. Bd. of Review of the City of Davenport*, 497 N.W.2d 860, 865 (Iowa 1993). Beer offered no evidence of the Assessor applying an assessment method in a non-uniform manner. While his land is assessed using an agricultural valuation method and all comparables submitted are classed and valued as residential, the assessor analyzed the dwelling only valuation of the subject and comparables to remove the inequity that agricultural classified land has over residential property. Although simply comparing assessments is not typically sufficient evidence to show inequity, in this case the dwelling value per square foot of Beer's and the Board of Review's comparables, suggests that Beer's assessment is equitable.

Alternatively, a taxpayer may show the property is assessed higher proportionately than other like property using criteria set forth in *Maxwell v. Shivers*, 133 N.W.2d 709 (Iowa 1965). The *Maxwell* test provides that inequity exists when, after considering the actual values (2018 sales) and assessed values (2019 assessments) of comparable properties, the subject property is assessed at a higher portion of its actual value. It is insufficient to simply compare the subject property's assessed value to the assessments of other properties or to compare the rate of change in assessment amongst properties.

There is only one 2018 sale in the record. However, to succeed in an equity claim under *Maxwell*, more than one property must be analyzed. *Miller v. Property Assessment Appeal Bd.*, 2019 WL 3714977 (Iowa Ct. App. Aug. 7, 2019).

Further, the *Maxwell* analysis cannot be completed as an assessment to sale price ratio also needs to be developed for the subject property. The subject property did not recently sell, nor did Beer offer evidence of its January 1, 2019, market value. A ratio for similar properties as well as the subject property is required in order to determine if the subject property is assessed at a higher proportion of its actual value than other properties.

Viewing the record as a whole, we find Beer failed to show his property is inequitably assessed.

### **Order**

PAAB HEREBY AFFIRMS the Cedar Rapids Board of Review's action.

This Order shall be considered final agency action for the purposes of Iowa Code Chapter 17A.

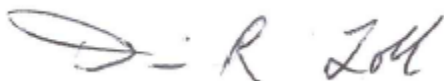
Any application for reconsideration or rehearing shall be filed with PAAB within 20 days of the date of this Order and comply with the requirements of PAAB administrative rules. Such application will stay the period for filing a judicial review action.

Any judicial action challenging this Order shall be filed in the district court where the property is located within 30 days of the date of this Order and comply with the requirements of Iowa Code section 441.37B and Chapter 17A.19.



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Karen Oberman, Board Member



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Dennis Loll, Board Member



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Elizabeth Goodman, Board Member

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